

***OFFICE OF INSPECTOR GENERAL  
STRATEGY FOR PROVIDING  
AUDIT, INVESTIGATIVE, AND INSPECTIONS SERVICES  
TO  
THE NATIONAL NUCLEAR SECURITY ADMINISTRATION***



***Office of Inspector General  
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## **EXECUTIVE SUMMARY**

In response to concerns about the management of the Department of Energy's (DOE's) national security programs, the National Nuclear Security Administration (NNSA) was established by statute as a semiautonomous agency of DOE, effective March 1, 2000. The NNSA is responsible for managing the nation's nuclear weapons, non-proliferation, and naval nuclear propulsion programs.

Since its inception, the Office of Inspector General (OIG) has played a key role in identifying safeguards, security, and related concerns at the DOE. The OIG will continue to provide a full range of audit, investigative, and inspections services to the programs and operations transferred to the NNSA. The OIG has: (1) prepared this strategy that identifies necessary actions to ensure full integration of the OIG statutory charter with the NNSA mission and (2) published a supplemental Fiscal Year 2000 performance plan summarizing the OIG work relevant to the NNSA. The supplemental plan is included as an attachment to this strategy.

The current structure of the OIG program offices (Audit Services, Investigations, and Inspections) is functionally based, consistent with the OIG mission, and is fully integrated and aligned with the organizational structures of DOE and the NNSA. However, as implementation of the NNSA progresses, the OIG will reassess its organizational structure to ensure continued responsiveness to NNSA needs. In light of the significance of the NNSA's establishment and implementation, the OIG anticipates taking the following actions:

- Briefing the new NNSA Administrator (once confirmed) and his senior staff on the role of the OIG. Further, the Inspector General will meet on a regular basis with the Administrator to provide updates on relevant OIG activities and to discuss other matters of mutual interest;
- Pursuing reviews that address the special needs, vulnerabilities and programmatic risks of both the DOE and the NNSA, including reviews of crosscutting issues affecting both entities;
- Establishing and reaffirming liaisons and coordination protocols with NNSA program elements, including special processing of urgent safeguards and security and environmental, safety, and health concerns; and
- Allocating OIG resources using a risk-based approach for reviewing DOE and NNSA activities with the highest vulnerability.

## **INTRODUCTION**

### **Establishment of the National Nuclear Security Administration**

On October 5, 1999, the President signed Public Law 106-65, the National Defense Authorization Act for Fiscal Year 2000 (the Act). Title 32 of the Act establishes the National Nuclear Security Administration (NNSA) as a semiautonomous agency of the U.S. Department of Energy (DOE). The new agency is responsible for managing the nation's nuclear weapons, non-proliferation, and naval nuclear propulsion programs.

According to the House Armed Services Committee Special Panel on Department of Energy Reorganization (the House Special Panel), Congress passed the legislation creating the NNSA "in response to a major espionage scandal, decades of documented mismanagement at the [DOE], and numerous reports and studies that detailed weak management, confused lines of authority, and lack of mission focus within the [DOE's] military nuclear programs."<sup>1</sup>

Since its inception, the Office of Inspector General (OIG) has performed numerous reviews of the DOE's safeguards, security, and related programs, and expressed many similar concerns. These reviews have been the subjects of numerous congressional oversight hearings, and the findings have been cited by blue ribbon panels, including the recent Special Investigative Panel of the President's Foreign Intelligence Advisory Board.<sup>2</sup> For example, a 1999 OIG review, performed at the request of the Secretary of Energy, found with respect to the handling of a particular espionage suspect:

- "systemic problems in the DOE's management of counterintelligence matters"; and
- "a lack of adequate communications at all levels and confusion as to individual responsibilities and accountability."<sup>3</sup>

According to the House Special Panel, "[t]he central purpose of the new organization is to correct the confused lines of authority and responsibility within the [DOE] nuclear weapons complex that contributed to the mismanagement and security problems at the [DOE], and to provide a clear mission focus and accountability for [DOE] personnel involved in the nuclear weapons program."<sup>4</sup>

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<sup>1</sup> "Department of Energy National Nuclear Security Administration Implementation Plan: An Assessment," by the House Armed Services Committee Special Panel on Department of Energy Reorganization, Executive Summary, February 2000 (Assessment).

<sup>2</sup> "Science At Its Best, Security At Its Worst," by a Special Investigative Panel of the President's Foreign Intelligence Advisory Board, June 1999.

<sup>3</sup> Department of Energy Release, "Richardson Announces Results of Inquiries Related to Espionage Investigation," August 12, 1999.

<sup>4</sup> Assessment, p. 2.

## NNSA Mission and Functions

The following are the mission and function statements of the NNSA:

### *Mission Statement*

To carry out the national nuclear security responsibilities of the DOE, including maintenance of a safe, secure and reliable stockpile of nuclear weapons and associated materials capabilities and technologies; promotion of international nuclear safety and nonproliferation; and administration and management of the naval nuclear propulsion program.

### *Function Statement*

- Enhance United States national security through the military application of nuclear energy;
- Maintain and enhance the safety, reliability, and performance of the United States nuclear weapons stockpile, including the ability to design, produce, and test, in order to meet national security requirements;
- Provide the United States Navy with safe, militarily effective nuclear propulsion plants and to ensure the safe and reliable operation of those plants;
- Promote international nuclear reactor safety and nonproliferation;
- Reduce the global danger posed by weapons of mass destruction;
- Support programs for the storage and disposition of surplus fissile materials, including U.S. highly enriched uranium and plutonium; and
- Support United States leadership in science and technology.

A detailed description of the organization of the NNSA may be found at [www.nnsa.doe.gov](http://www.nnsa.doe.gov).

## DOE's NNSA Implementation Plan

According to DOE's NNSA Implementation Plan:

The NNSA will be composed of those organizations and sites specified in the Act. These will include the current Offices of Defense Programs, Nonproliferation and National Security, Fissile Materials Disposition, and Naval Reactors. The Albuquerque and Nevada Field Operations Offices, which will report to the Deputy Administrator for Defense Programs as a Lead Program Secretarial Office (LPSO), also will be transferred to the NNSA. There will be no other change to the field structure or the reporting relationships of the field sites. Officers and employees in the organizations that are transferred to the NNSA will become employees of the NNSA, as provided by the statute. Their roles and responsibilities will remain essentially unchanged, focusing on the continuing missions of the programs. The employees of the NNSA field operations

offices, with the exception of those that are accountable to non-NNSA program offices, will become employees of the NNSA.<sup>5</sup>

The full text of the DOE NNSA Implementation Plan may be found at [www.nnsa.doe.gov/documents/V05MMR48.pdf](http://www.nnsa.doe.gov/documents/V05MMR48.pdf).

The Implementation Plan was developed by a Task Force established at the direction of the Secretary of Energy. According to the Implementation Plan, the Secretary formed the Task Force to oversee and coordinate the establishment of the new Administration. The Task Force was “directed to examine the range of issues related to establishing the NNSA, including administrative actions, personnel operations, procurement procedures, budgeting issues, procedures at all DOE laboratories, and the roles and responsibilities of the DOE field operations offices.” The Deputy Secretary and the Chief of Staff serve as co-chairs of the Task Force. The Director of the Office of Management and Administration serves as the Director of the Task Force.

According to the Implementation Plan:

The Task Force is now shifting from the initial phase of issue identification and decision making to implementation of the plan . . . The Implementation Plan anticipates that the Under Secretary for Nuclear Security [the Administrator of the NNSA], when confirmed, will direct and oversee the implementation of this plan and, consistent with the NNSA Act, determine appropriate staffing and organizational structure.<sup>6</sup>

## **OIG RESOURCES IN RELATION TO THE NNSA**

The OIG performs audits, investigations, and inspections of DOE programs and operations, including those transferred to the NNSA. Following are the roles and responsibilities of each OIG program office.

### **Office of Audit Services**

The Office of Audit Services conducts and/or coordinates all audit activities for DOE programs and operations, including those of the NNSA. The audits performed fall into two broad categories: performance audits and financial audits. A performance audit provides an independent assessment of the performance of an organization, program, activity, or function in order to provide information to improve accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action. Performance audits include economy and efficiency and program results audits. Financial audits include financial statement and financial related audits. A financial statement audit provides reasonable assurance about whether the financial statements of an audited entity present fairly the financial position and results of operations in conformity with generally accepted accounting principles. Financial related audits may

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<sup>5</sup> “Department of Energy Implementation Plan, National Nuclear Security Administration,” January 1, 2000 ([www.nnsa.gov](http://www.nnsa.gov)).

<sup>6</sup> Implementation Plan, p. 4.

include audits designed to determine whether (1) financial information is presented in accordance with established or stated criteria, (2) the entity has adhered to specific financial compliance requirements, or (3) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.

The Office of Audit Services has staff that provides coverage of all major NNSA sites and activities. The Office of Audit Services is divided into three regions: Western, Eastern, and Capital. The Western Region is responsible for audit coverage of the NNSA Operations Offices (Albuquerque and Nevada), the national laboratories, the Kansas City and Pantex plants, and the Nevada Test Site. Eastern Region has audit cognizance over the Y-12 plant in Oak Ridge as well as the tritium operations at the Savannah River Site. The Capital Region is responsible for reviews of the various naval nuclear propulsion programs. Audit coverage of the Nuclear Security and Nonproliferation activities of the NNSA are the responsibility of the Office of Audit Services as a whole. In addition, a technology audit group has been established within the Office of Audit Services to audit information systems operations and acquisitions and test the vulnerability of automated systems to unauthorized intrusions.

#### Office of Investigations

The Office of Investigations is organized into four primary components: Eastern Investigation Operations, Western Investigation Operations, the Technology Crimes Section, and Headquarters Operations.

The Office of Investigations performs investigations into allegations of fraud, waste, and abuse in programs and operations of DOE, including the NNSA. These investigations are conducted primarily by Eastern Investigation Operations and Western Investigation Operations. Priority is given to investigations of suspected violations of criminal and civil statutes, as well as serious administrative misconduct. Particular focus is placed on the prevention and detection of contract and grant fraud; environmental, health and safety violations; computer crimes; and issues that reflect on the integrity and credibility of DOE officials. The Office of Investigations also maintains the Inspector General Hotline to facilitate the reporting of allegations.

The Technology Crimes Section is staffed by investigators with specialized skills necessary to respond proactively and reactively to complex computer crimes committed against DOE, including the NNSA, and to provide computer forensic support during general fraud investigations.

Office of Investigations oversight will continue to extend to the programs and operations transferred to the NNSA, and the office will maintain its core organizational structure and operating procedures. Currently, the OIG has the following investigative coverage at all primary sites under NNSA's purview. The Albuquerque Investigations Office provides investigative coverage for the Los Alamos National Laboratory, Sandia National Laboratory (Albuquerque), the Kansas City Plant, and the Pantex Plant. The Lawrence

Livermore Investigations Office provides investigative coverage for the Lawrence Livermore National Laboratory, Sandia National Laboratory (Livermore, CA), and the Nevada Test Site. The Savannah River Investigations Office covers tritium operations at the Savannah River Site. The Oak Ridge Investigations Office covers the Y-12 Plant. The Pittsburgh Investigations Office covers the Bettis Atomic Power Laboratory and Knolls Atomic Power Laboratory.

### Office of Inspections

The Office of Inspections performs reviews of management issues and administrative (i.e., noncriminal) allegations. A management issues inspection focuses on fact-finding and analysis regarding specified management issues. An allegation-based inspection is a highly focused, fact-finding inspection that is typically in response to an allegation of waste, abuse, or mismanagement. This includes investigations of whistleblower complaints in accordance with Section 6006 of the Federal Acquisition Streamlining Act and the Intelligence Community Whistleblower Protection Act. In addition, the Office has lead responsibility for performing OIG intelligence oversight and reporting required by Executive Order and statute. Further, the Office processes referrals of administrative allegations to management.

The Office of Inspections is organized in two divisions, the Office of Management Operations and the Office of Program Operations. Within the Office of Management Operations are the Special Projects and Support Group and the Capital Inspection Region. These two groups are responsible for providing inspection coverage of the NNSA's Headquarters activities, which include the Offices of the Deputy Administrators for Defense Programs, Naval Reactors, and Defense Nuclear Nonproliferation. In addition, the Special Projects and Support Group has lead responsibility for conducting inspection activity related to the NNSA's intelligence and counterintelligence activities.

Within the Office of Program Operations are the Eastern Inspection Region and the Western Inspection Region. The Eastern Inspection Region is responsible for providing inspection coverage for NNSA activities at the Y-12 Plant and at tritium operations facilities at the Savannah River Site. The Western Inspection Region is responsible for providing inspection coverage for the NNSA activities at the Albuquerque Operations Office, the Los Alamos National Laboratory, the Sandia National Laboratories, the Lawrence Livermore National Laboratory, the Kansas City Plant, the Pantex Plant, the Nevada Operations Office, and the Nevada Test Site.



## **OIG STRATEGY**

The OIG will continue to provide the full range of audit, investigative, and inspections services to the programs and operations transferred to NNSA, as well as any newly initiated activities. The current structure of the OIG program offices (Audit Services, Investigations, and Inspections) is functionally based, consistent with the OIG mission, and is fully integrated and aligned with the organizational structures of DOE, including the NNSA. However, as implementation of the NNSA progresses, the OIG will reassess its organizational structure to ensure continued responsiveness to NNSA needs.

In light of the significance of the NNSA's establishment and implementation, the OIG anticipates taking the following actions:

### **Briefings of the NNSA Administrator and Senior Staff**

The Secretary of Energy recently announced that a candidate for the position of NNSA Administrator has been identified and will be nominated by the President.<sup>7</sup>

Consequently, as soon as this individual is confirmed by the United States Senate, the Inspector General and senior staff will arrange to brief the new Administrator and his senior staff on the role of the OIG. Moreover, the Inspector General will meet on a regular basis with the NNSA Administrator to provide updates on relevant OIG activities and to discuss other matters of mutual interest.

### **DOE-Wide Reviews**

The OIG performs a number of reviews which cross program and organizational boundaries. Any such crosscutting review may involve both the NNSA and the DOE. For example, OIG reviews that impact both entities include, but are not limited to reviews of environmental remediation, worker health and safety, waste management, and the statutorily-required audit of relevant financial statements. The OIG will pursue these reviews and address the special needs, vulnerabilities, and programmatic risks of both the DOE and the NNSA.

### **Establishing and Reaffirming Liaisons and Coordination Protocols**

The OIG has previously established a number of protocols for coordinating with responsible DOE management officials when addressing certain urgent concerns. These include allegations of imminent threats to environment, safety and health, as well as serious concerns with respect to the safety and security of DOE assets. The OIG has also established a number of field and headquarters points of contact for addressing more routine matters, including the coordination of responses and establishment of DOE positions on OIG reports.

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<sup>7</sup> This position is also designated as the Under Secretary for Nuclear Security. Department of Energy Release, "General John A. Gordon Selected to Head National Nuclear Security Administration," March 2, 2000. (Implementation Plan).

### *Office of Audit Services*

The Office of Audit Services maintains relationships with audit liaisons in each DOE program. Those DOE program offices transferred to the NNSA will be contacted to confirm the identities of their liaisons.

We have been advised that DOE's Office of Chief Financial Officer will perform for the NNSA the responsibilities associated with establishment of DOE and NNSA positions on OIG recommendations, their resolution, and any follow-up.

### *Office of Investigations*

The following steps will be undertaken to facilitate the integration of the Office of Investigations mission with the NNSA:

- *Liaison:* Extend current *Fraud Awareness Briefings* to NNSA officials and organizations. The briefings serve to educate attendees on the functions of the Office of Investigations, to provide an overview of the investigative process, and to encourage positive working relationships with investigators. Further, they serve to open lines of communication with DOE managers and program officials whose operations are impacted by our investigations.
- *Program Area Initiative:* The Office of Investigations has identified four program areas to receive priority investigative resources and expertise. The Program Area Initiative is designed to promote the efficient, effective and economical operation of DOE programs by dedicating investigative resources, and identifying and pursuing proactive efforts, in areas particularly vulnerable to fraud, waste, and abuse. The four program areas are contract and grant fraud; environment, safety, and health; *Qui Tams*; and computer crimes. All DOE operations and facilities—including NNSA—are part of this program (e.g., the Office of Investigations will dedicate resources to contract/grant issues and ES&H violations for all components of the DOE complex).
- *Application of Special Investigative Procedures:* The Office of Investigations has specific procedures for reporting (1) incidents involving the loss, compromise, or potential compromise, of classified matter, and (2) other complaints with potential or actual national security implications. Further, when a Special Agent receives an allegation with counterintelligence/intelligence implications, Headquarters Operations is contacted within 24 hours. Headquarters coordinates any reporting to the Office of Counterintelligence, if warranted. Finally, pursuant to a Memorandum of Understanding (MOU) between the OIG and DOE's Office of Environment, Safety and Health, the OIG processes allegations of actual or potential environment, safety, and health (ES&H) violations involving DOE facilities or operations that are reported to the OIG. The MOU also states that when certain types of allegations are received, the designated ES&H official should be notified. In order to meet this stated

objective, the OIG and ES&H officials have developed a standard form for providing prompt notification of ES&H allegations.

The Office of Investigations will take proactive steps to determine if new notification procedures are necessary. Although the general OIG process will remain unchanged, points-of-contact on NNSA-specific security, counterintelligence, and ES&H matters will be identified and working relationships established.

- *Administrative Reports to Management (ARM)*: The Office of Investigations utilizes ARMs to advise management of investigative findings. The purpose is to support management's efforts to improve controls, make programs and operations more effective and efficient, streamline policies and procedures, or take appropriate administrative action. The ARM process and format will not change. ARMs will also be the vehicles by which the office conveys investigative results to NNSA management.

### *Office of Inspections*

Existing protocols within the Office of Inspections will readily translate to NNSA-related matters; therefore, NNSA-related issues will be handled using these processes. For example, when conducting inspections, it is policy to deal directly with the management officials authorized and responsible to act in a matter, while ensuring any other senior officials with a need-to-know are also appropriately apprised. In addition, the Office of Inspections will open a line of communication with relevant NNSA officials to inform them of pertinent procedures and to solicit suggestions for improving them.

The Office of Inspections is also responsible, pursuant to Executive Order 12863, "President's Foreign Intelligence Advisory Board," for reporting to the Intelligence Oversight Board concerning intelligence activities that the OIG has reason to believe may be unlawful or contrary to Executive Order or Presidential directive. The NNSA will be included within the scope of future intelligence activity reporting by the OIG.

### Addressees for OIG Reports

All OIG reports addressed previously to the Secretary and which involve NNSA issues will now also be addressed to the NNSA Administrator. The Administrator and his staff will also typically be copied on all other OIG reports implicating or involving NNSA programs and operations.

### OIG-Initiated Directives

There are four OIG-initiated DOE directives: "Reporting Fraud, Waste, and Abuse to the Office of Inspector General"; "Cooperating with the Office of Inspector General"; "Auditing of Programs and Operations"; and "Establishment of Management Decisions on Office of Inspector General Reports." These directives are applicable to DOE and DOE contractor employees; however, to ensure there is no ambiguity regarding their

applicability, a revision effort already underway will include the addition of language specifying the directives are applicable to NNSA and NNSA contractor employees.

### Budgeting

The manner in which NNSA program activities are ultimately implemented and configured may impact the OIG's budget. For example, an increase in the number of NNSA organizations or programs the OIG must review, especially if of a critical, highly visible, or different nature, will increase correspondingly the demands on OIG resources. In any event, OIG budget justifications will continue to include a focus on the issues most critical to the Administration and the Congress.

### Performance Planning

The OIG Strategic Plan and the Annual Performance Plan seek to optimize the use of OIG resources to enhance the economy and efficiency of the DOE and detect and prevent fraud, waste, and abuse. These plans are designed to afford the OIG some degree of flexibility in their execution. In short, the OIG has attempted to allocate its resources using a risk-based approach for reviewing DOE and NNSA activities. OIG planning is oriented to current missions and functions and focuses on crosscutting programs and issues, such as safeguards and security; program management and operations; intelligence and counterintelligence; and contract and grant administration. So that resources can be directed to reviewing programs of the highest vulnerability, the attached FY 2000 supplemental OIG performance plan for the NNSA has been prepared.

ATTACHMENT

**OFFICE OF INSPECTOR GENERAL  
SUPPLEMENTAL PERFORMANCE PLAN  
FOR THE NATIONAL NUCLEAR SECURITY ADMINISTRATION  
(FISCAL YEAR 2000)**

**Department of Energy  
Office of Inspector General**

**March 2000**

## **FY 2000 OFFICE OF INSPECTOR GENERAL WORK PLANNED FOR THE NATIONAL NUCLEAR SECURITY ADMINISTRATION**

In an effort to ensure that the Office of Inspector General (OIG) continues to maximize its effectiveness in performing audits, inspections, and investigations of the Department of Energy (DOE) programs and operations transferred to the National Nuclear Security Administration (NNSA), the OIG has prepared this supplemental performance plan. Because six months of the current fiscal year have already elapsed, it is important to observe that this plan includes OIG work relevant to NNSA that in some instances is already in progress.

The OIG has previously identified major issue areas most vulnerable to waste, fraud, and mismanagement at DOE. The OIG will likewise concentrate its NNSA efforts on these matters:

- Contract/Grant Administration. Encompasses procurement, contract, and grant activities. This includes contract and grant planning, solicitation, award, management, administration, and closeout and oversight and management of its contractors.
- Intelligence/Counterintelligence. Includes intelligence activities conducted under Executive Order 12333.
- Safeguards and Security. Includes activities related to the protection of facilities, nuclear weapons, nuclear materials, classified and sensitive information, and critical assets.
- Program Management and Operations. Includes the development, implementation, administration, and operation of programs mandated by statute or regulation.
- Environment, Safety, and Health. Includes all activities by federal and contractor employees which relate to the identification, testing, handling, labeling, cleanup, storage, and/or disposal of radioactive and hazardous waste, including all work relating to the civilian and defense radioactive waste repositories. It also includes activities which relate to nuclear safety and occupational and worker safety and health (e.g., nuclear safety standards).
- Infrastructure. Includes all activities which involve the building, modernization, and restoration of existing and new facilities and sites, including roads, utilities, and mission support structures.
- Financial Management. Focuses on the management controls, accounting systems, and other processes that ensure that DOE, NNSA, and their respective contractors

exercise proper accountability over Government financial resources, including reviews of internal control systems and financial management systems.

- Administrative Safeguards. Includes matters involving administrative operations which are vulnerable to waste, abuse, and mismanagement, such as telephone use, time cards, overtime claims, travel vouchers, etc. This also includes management or other irregularities such as conflict-of-interest, ethics violations, employee malfeasance, administrative misconduct, etc.
- Information Technology Management. Includes all activities relating to computer hardware, software, systems, networks, operations, security, and administration. It also includes technology transfer and theft of trade secrets issues.

### OFFICE OF AUDIT SERVICES

Following is the planned audit work that the OIG has identified as most critical to be performed during FY 2000 relevant to NNSA programs and operations:

#### *Contract/Grant Administration*

A significant portion of the NNSA's mission is carried out by industrial, academic, and nonprofit institutions operating the government-owned plants and laboratories under a management and operating-type relationship. Consequently, a large portion of the NNSA's funding is directed toward management and operating contracts. For example, contractors operate the NNSA's National Laboratories located throughout the United States. In addition, financial assistance grants and awards are made for a variety of purposes to state and local governments, colleges, universities and private sector firms.

In FY 2000, audits related to the NNSA and which concern contracts and grant administration will determine whether:

- Fees paid to management and integrating contractors and their subcontractors are commensurate with the work performed and in accordance with regulations.
- The DOE and the NNSA are achieving intended objectives in the award and administration of cooperative agreements.
- The DOE and the NNSA have taken actions to correct previous issues related to the management of unsolicited proposals.
- The use of long-term subcontracts to provide mission required skills is in the best interest of the government.

### *Program Management and Operations*

The National Laboratories, including those assigned to the NNSA, are Federally owned facilities operated by universities, university consortia, or industry under contract. These operators provide the scientific, technical, and support staff to conduct the work under the direction of federal program managers. The contractor provides the detailed day-to-day management of each laboratory, while the federal Operations Offices conduct the contract management and laboratory performance appraisals.

The work at the National Laboratories involves a variety of research and development activities. These activities cover a wide range of fields, including high-energy physics; nuclear physics; basic energy sciences; biological and environmental research; fusion energy; nuclear energy; solar and renewable energy; and technology transfer. The National Laboratories' work also involves research and development efforts in environmental cleanup, stockpile stewardship, and stockpile management. A number of these laboratories will continue as "dual use" facilities, performing NNSA and non-NNSA functions.

Audits in the Program Management and Operations area relevant to NNSA scheduled to begin in FY 2000 will determine:

- If the Congress has been provided with accurate cost and progress data for the National Ignition Facility.
- Whether the Savannah River Site Project Management Improvement Program has resulted in improved operations and lower costs.
- Whether the testing activities under the Core Surveillance and Dual Revalidation Programs support program objectives.

### *Infrastructure*

Modernization of aging facilities and restoration of sites to make them safe and viable are two of the most important tasks facing the DOE, including the NNSA. The DOE has embarked on a long-range program to consolidate and build a smaller, modern and more efficient weapons production complex. This long-range program includes repairing and improving existing facilities, upgrading roads and utilities, and improving or constructing mission support structures.

A major portion of NNSA's infrastructure/assets and facility management activities support its various research and weapons complex facilities. These facilities are primarily National Laboratories that are responsible for the bulk of the far-ranging research and development and national security activities.



The DOE through the NNSA has committed to transforming its national security infrastructure to better align with the changes resulting from the collapse of the Soviet Union and easing of world tensions. The national security activities are being transformed from an emphasis on weapons production to stockpile stewardship. A key mission is to enhance the technology infrastructure and core competencies for the execution of the national security mission while assisting industrial competitiveness. The Core Stockpile Stewardship program provides for the physical and intellectual infrastructure required for the science-based stewardship program at the three defense laboratories and maintains the Nevada Test Site in a state of readiness to conduct underground nuclear tests within 3 years, if necessary.

In FY 2000, audits in the Infrastructure area relevant to the NNSA will determine whether:

- There is a continuing need for all of the current high explosive facilities.
- Facilities have been identified which must remain operational to meet the mandate to be able to resume nuclear testing.

#### *Safeguards and Security/Intelligence and Counterintelligence*

These programs support development of state-of-the-art technology designed to provide cost-effective, long-term security at DOE and NNSA facilities. They also continue to emphasize a comprehensive review and revision of existing classification policies.

One of the NNSA's missions is to maintain the safety, security, and reliability of the nation's enduring nuclear weapons stockpile within the constraints of a comprehensive test ban, utilizing a science-based approach to stockpile stewardship and management in a smaller, more efficient weapons complex infrastructure. The future weapons complex will rely on scientific understanding and expert judgment, rather than on underground nuclear testing and the development of new weapons, to predict, identify and correct problems affecting the safety and reliability of the stockpile. Enhanced experimental capabilities and new tools in computation, surveillance, and advanced manufacturing will become necessary to recertify weapons safety, performance, and reliability without underground nuclear testing. Weapons will be maintained, modified, or retired and dismantled as needed to meet arms control objectives or remediate potential safety and reliability issues.

Audits in the Safeguards and Security/Intelligence and Counterintelligence area scheduled to begin in FY 2000 will determine whether:

- Disassembled weapons parts that have no identified need are being disposed of properly.

- The existing declassification program complies with Executive Order 12958 (which outlines procedures for reviewing and declassifying much of our nation's historical records) and protects national security interests.
- Attainable milestones have been established within the Advanced Design and Production Technologies Initiatives and if these milestones are being completed in a timely manner.
- Protective forces meet established training standards and qualification requirements.
- Necessary actions are being taken to meet the material stabilization milestones for the nuclear material stabilization program.

### *Environment, Safety, and Health*

For almost 50 years the DOE and its predecessor agencies have been involved in the research, development, demonstration, and production of a wide variety of products that either contain radioactive materials or use them in the fabrication process. Many of these processes used non-radioactive toxic chemicals that have accumulated over the years at DOE and NNSA facilities. Additionally, the private sector has been generating and continues to generate substantial spent nuclear fuel for which safe storage must be found.

The DOE's environmental quality objectives include making progress on the treatment, storage, and disposal of radioactive wastes; reducing the risks of cleaning up nuclear sites; preventing future pollution; finding solutions to spent nuclear fuel storage; and eliminating serious health, safety and environmental vulnerabilities.

Responsibilities for environmental quality activities are divided among the Office of Environment, Safety and Health; the Civilian Radioactive Waste Management Program; and the Office of Environmental Management. Environmental remediation and waste management are no less critical missions at NNSA sites.

In FY 2000, audits in the Environment, Safety and Health area will determine whether:

- Field sites have developed strategies and achieved cost reductions necessary to meet the cleanup objectives stated in the Paths to Closure report issued in October 1997 by the Office of Environmental Management.
- The High-Level Waste System is operated at a level necessary to meet established cleanup goals.
- Emerging environmental cleanup technologies developed at Lawrence Livermore National Laboratory are being evaluated and used.
- The DOE is operating a service for atmospheric prediction and mapping of hazardous material dispersions that duplicate other available services.

### *Administrative Safeguards*

The major issue area of Administrative Safeguards includes those audits that cover activities with a high risk for waste, fraud, or mischarging. These audits are also performed to deter similar instances of waste, fraud, or mischarging from occurring in the future. For example, identification of fraudulent actions in an activity will often deter others from engaging in the same actions. Similarly, identification of claims for unallowable costs will alert the DOE and the NNSA to such improper claims and help deter their recurrence. Prompt detection of problem areas in an activity will foster corrective actions before operations are significantly impacted. Generally, audits of these activities involve more than one major issue area.

Audits in the Administrative Safeguards area also relevant to the NNSA and scheduled to begin in FY 2000 will determine whether:

- Roles and responsibilities of the DOE Advisory Panels have been defined and are being carried out as intended.
- Policies, procedures and administrative controls over the patenting and licensing of technology are working as intended and provide protection of stakeholder interests.
- Required Occupational health services are being provided.
- Personnel dosimetry services are too costly.

### *Information Technology Management*

In FY 2000, several audits focusing on Information Technology Management are planned. These will correspondingly implicate NNSA programs. They will determine whether:

- The information technology and management requirements of the Clinger-Cohen Act of 1996 have been implemented.
- The corporate information management systems are being duplicated by site-specific, stand-alone systems.
- The Department's Integrated Security System (DISS) supports the information processing needs of the DOE's security administration program.
- Networks and supporting computer devices and applications are protected from unauthorized and/or malicious use.

## OFFICE OF INSPECTIONS

The Office of Inspections is a flexible organization with a wide range of analytical skills and methodologies for conducting reviews that enable the Office to uniquely respond to OIG organizational needs. The office is frequently called upon to conduct special inquiries, typically initiated in response to a request from senior DOE management or Congress, or conduct inquiries into allegations received by the OIG hotline. Therefore, much of the Office's work cannot be planned. The Office initiated an average of 13 allegation-based inspections per year over the past 3 years, with the actual number increasing each of the 3 years. Some of these matters were referred directly to the Office of Inspections for review; however, in some instances matters referred to management for action and response to the OIG ultimately became inspections based on management's response. As resources permit, the Office of Inspections also initiates inspections of management issues. Planning for these types of inspections is primarily based upon identifying relevant topics within the OIG major issue areas and prioritizing them based upon the significance of potential impacts. The following are those planned management inspections identified in the OIG's FY 2000 Annual Performance Plan that potentially involve NNSA programs and operations. Some of these inspections have already been undertaken.

### *Intelligence/Counterintelligence*

Inspection of:

- Intelligence activities, as required by Executive Order 12333, "United States Intelligence Activities," and Executive Order 12863, "President's Foreign Intelligence Advisory Board" (quarterly reviews, with reports to the President's Intelligence Oversight Board).
- Policies and procedures with respect to the export of military sensitive technologies and information to countries and entities of concern.
- The adequacy of current counterintelligence measures to protect against the acquisition of military sensitive technologies and information by countries and entities of concern.
- "Lab-to-lab" agreements at three sites to determine the nature of information that is transferred under these agreements and whether appropriate controls are in place to protect classified and export controlled information.

### *Safeguards and Security*

Inspection of:

- Security operations at a site in one of the four major topical areas of security (i.e., Material Protection, Control, and Accountability; Information Security; Physical Security; Personnel Security). When the review of one topical area is completed, another inspection may be initiated to look at another topical area.

### *Contract/Grant Administration*

Inspection of:

- Contractor training to determine the appropriateness of the DOE's funding of training costs, the adequacy of the DOE's oversight, the process for establishing training needs and requirements, and the benefit derived by the DOE.

### *Program Management and Operations*

Inspection of:

- The high risk property control procedures at selected sites to determine if such procedures have been implemented and are effective in assuring that risks to national security and nuclear non-proliferation are mitigated.

### *Environment, Safety, and Health*

Inspection of:

- The transportation, handling, and storage of explosives and explosive devices within the complex. The review would concentrate on the implementation and adherence to safe work practices by federal and contractor employees who work with explosive devices.
- Whether the Environmental Restoration Program has measurable performance goals and objectives, whether funds are being spent on tasks that represent measurable performance goals and objectives, and whether performance objectives are being met.

### *Infrastructure*

Inspection of:

- Design and construction implementation in order to determine whether selected projects are being managed in an economical and timely manner that is resulting in complete and usable facilities.

## *Financial Management*

Inspection of:

- The worker's compensation program to determine if management is taking appropriate action to return injured workers to duty, including temporary light or limited duty positions, and take the employees off the worker's compensation rolls.
- The appropriateness of the methodology used by selected sites to calculate the amount of payment to local governments in lieu of taxes, and the appropriateness of the source of funding for the payments.

## OFFICE OF INVESTIGATIONS

The Office of Investigations' primary responsibility is to investigate allegations involving criminal and civil violations of Federal law committed against DOE and the NNSA by employees, vendors, contractors, and others who may have a relationship with DOE or the NNSA. The Office of Investigations works closely with U.S. Attorneys' offices and other Federal, state, and local law enforcement agencies throughout the country. These cooperative efforts ensure a coordinated and effective law enforcement response to Federal violations affecting DOE and the NNSA. In FY 2000, the Office of Investigations will continue to build on those cooperative efforts, focusing on cases at the NNSA with the greatest potential for prosecution involving serious violations of Federal law.

While criminal and civil violations are the primary focus of Office of Investigations work and resources, the office is also required to conduct special high-priority inquiries requested by senior officials and Congress. Such inquiries are resource-intensive and time-sensitive. In FY 1999, the Office of Investigations conducted two inquiries that were requested by the Secretary of Energy. These inquiries involved espionage matters and national security. Issues surrounding the inquiries generated an unprecedented amount of congressional, media, and public attention. The Office dedicated a significant portion of investigative resources to ensure these inquiries were thorough and successfully completed within the established timeframes.

It is, therefore, impossible to predict if events within the NNSA during FY 2000 will result in the Office of Investigations being asked to conduct other resource-intensive inquiries. The Office of Investigations will remain prepared to meet the challenge of addressing any high-level inquiries relevant to the NNSA during the next fiscal year.

Nevertheless, there are three major issue areas that the Office of Investigations has identified as being especially vulnerable to fraud, waste, and mismanagement. Those three issue areas are: (1) contract/grant administration; (2) information technology management; and (3) environment, safety, and health. In Fiscal Year 1999, the Office of Investigations initiated efforts to enhance its investigative support to those three areas.

This initiative will apply to the NNSA in Fiscal Year 2000. The goal of the program area initiative is to provide a coordinated and enhanced level of expertise to cases that involve allegations relative to the program areas.

With regard to the computer crimes program area in FY 2000, the Office will finalize the establishment of the Technology Crimes Section. This will include finalizing the hiring of the initial group of staff personnel, the procurement of equipment, and the establishment of laboratory space. In FY 2000, the Technology Crimes Section will initiate efforts to begin partnerships with DOE, NNSA, and other law enforcement agencies and will develop and implement strategies that strengthen computer infrastructures. The Office of Investigations will initiate development of a capability to proactively conduct trend analysis of known computer intrusions to identify potential criminal enterprises involved in infiltrating computer systems.